



# **Trade Certification & Small Licensees Fees**

## **Explanatory Document**

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**FAIRTRADE**  
INTERNATIONAL



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## 1. Application Fee

Customers that apply to FLOCERT pay the application fee listed below. Please note that the application fee is non-refundable.

Application Fee	Fee in EURO
Trader application fee	565

## 2. Annual Certification Fees (Valid for 12 Months)

The Annual Certification Fee is invoiced on completion of the application and subsequently in a 12 month cycle. Permission to Trade is issued on receipt of payment.

The annual certification fee does not cover internal travel within the different audit sites.

Trader categories will be defined according to the criteria outlined in Chapter 3.

Trade Certification Base Fees	Fee in Euro per category	
	Category 1	Category 2
<b>Customers</b>	3085	2135
<b>Small Customers (see Note 3)</b>	1430	475
<b>Additional Fees (added to Trade Certification Base Fee)</b>		
<b>Large volume fee per product</b>	1190	1190
<b>Additional Product Category fee per category (see Note 2)</b>	355	120
<b>Additional Entity fee: For each entity eligible for audit (See Note 1)</b> 1. For all products except Cotton: Up to a maximum of 3 2. For Cotton, please refer to Chapter 9	355	120
<b>Associate Fee per associate (see Note 4)</b>	1985	-

*Note 1:* An additional entity is a company or legal entity that does not take legal ownership of the Fairtrade product but provides services which are in scope of certification to a certified customer. Certain services are out of scope of certification; entities providing such services are not considered additional entities, for further details see CERT Certification SOP. Certified customers that act as subcontractors will be exempt.

*Note 2:* For invoicing purposes, additional products are defined as per the Product Standards set by Fairtrade International. In case of a composite manufacturer the components are not charged as separate products but as one single (composite product). In case of customers buying fresh fruits / vegetables for processing and selling prepared and preserved fruits / vegetables (e.g. fruit juices, pulp/puree, dried fruits or dried vegetables), the customer is only charged for one product category.

*Note 3:* A small customer is an organization with an annual revenue turnover of less than 5 million Euros and is not a Fairtrade price and/or Fairtrade premium payer or conveyor. Small customers are only classified upon request and must be prepared to share financial statements as proof for this status.

*Note 4:* Trader Corporate Certification is a model that allows up to five legal entities to be covered under one certificate, and therefore to buy and sell Fairtrade products (*one master operator and up to four associates*). One legal entity acts as "master operator" (*certificate holder*) and the other legal entities are considered "associates".

**For customers that are certified according to the TCC model, the following additional rules apply:**

- **Associates that are based in continents other than that of the master operator:** In case a physical audit of an associate, based in another continent is necessitated (*in order to check physical traceability or processing of composite products in mass balance etc*), the related travel costs (i.e. flight tickets and extra travel days if necessary) will be invoiced on real cost basis.

### 3. Definition of Trader Category 1 & 2

Categories 1 & 2 are defined and applicable to traders according to fulfilled criteria which are detailed in the table below.

CATEGORY CRITERIA	CATEGORY
<b>New customers (who have not had their initial Fairtrade audit yet) as well as customers which:</b> <ul style="list-style-type: none"> <li>▪ pay the minimum price and/or Fairtrade premium or act as conveyers of the Fairtrade price and/or premium (or)</li> <li>▪ have more than 2 additional entities (or)</li> <li>▪ manufacture composite products or trade with perishable products (fruits, vegetables, flowers (not including young plants)) (or)</li> <li>▪ product or setup wise bring high complexity (or)</li> <li>▪ benefit from exceptions (including systemic retroactive product certification) (or)</li> <li>▪ were suspended or had, as a result of the last audit, a follow-up audit (or)</li> <li>▪ had more than two major non-conformities at the last audit (or)</li> <li>▪ are certified according to the Trader Corporate Certification (TCC) model</li> </ul>	<b>1</b>
<b>All customers who do not fall in Category 1</b>	<b>2</b>

### 4. Small Licensee Certification Fees

The Small Licensee fee is charged every 3 years. The first payment is due in year 1, before entering the system and subsequently every 3 years.

If the customer stops the Fairtrade activity during the 3 years period, no reimbursement will be made.

For easier comparison with the Trade Certification Fees, the fees are illustrated as annual fee:

Base Fees	Fee in Euro	
	Annual (For illustration purposes)	Invoiced per 3-year-cycle
<b>Small Licensee</b>	283.33	850
<b>Additional Entity eligible for audit</b>	120	360
<b>Follow Up Audit Fee</b>	710	

### 5. Cancellation Fees

If an audit is unilaterally cancelled or postponed by a customer less than 10 calendar days prior to the mutually-agreed (between the auditor and the customer) audit date, the customer will be required to pay another invoice equal to the amount of the Annual Certification Fee prior to the date of the next audit. The cancellation fee applies to both announced and unannounced audits.

If an audit is unilaterally cancelled by a customer within 30 calendar days but 10 or more calendar days before the mutually-agreed (between the auditor and the customer) audit date, the customer will be required to pay 50% of the amount of the Annual Certification Fee prior to the date of the next audit.

In the event of force majeure, the responsible Regional Manager will decide whether the conditions justify a cancellation of the audit. If justified, the customer will not be required to pay any cost.

## 6. Definition of large Volume Category

Large Volume fees are charged both to Payers and Conveyors. Volumes of customers are evaluated on the basis of annual purchases.

Product	Metric Tons Or other indicated unit
	<b>Large Volume</b>
Banana	> 1000
Chocolate	> 300
Cocoa Bean	> 800
Cocoa Powder	> 300
Coffee (green)	> 800
Coffee (instant)	> 300
Coffee (roast)	> 640
Composite Products	> 100
Cotton (seed)	> 1200
Cotton (semi-finished: yarn, fabric)	> 1000
Cotton item	<b>1000's</b> > 200
Dried Fruits and Vegetables	> 100
Flowers and Young Plants	<b>1000's</b> > 1000
Fresh Fruit and Vegetables	> 800
Herbs Spices	> 10
Honey	> 400
Juice (concentrate) and Pulp/Puree	> 800
Juice (not from concentrate)	<b>kilolitres</b> > 2000
Nuts and Oil Seeds	> 100
Cereals <u>(incl. Rice)</u>	> 100
Sports Balls	<b>1000's</b> > 100
Sugar	> 800
Tea	> 100
Wine	<b>kilolitres</b> > 200

## 7. Other Audit related Fees

Physical Follow Up Audits	Fee in Euro
Follow up Audit for traders located in the global North (includes one day on site. Additional days required will be charged at €660 per day)	1430
Follow up Audit for traders located in the global South.	Auditor days x €375 + plus travel costs

## 8. Social Indicator Fees for FT Cotton Traders

Social Indicators	Fee in EURO
Social Document Check <sup>1</sup>	65
Social Audit Report Evaluation <sup>2</sup>	230
Benchmarking of a Social Standard <sup>3</sup>	520

## 9. Fees for Additional Entities in Cotton

For Cotton, FLOCERT will invoice the additional entity fee, as follows:

- **For Initial Invoices:** All additional entities registered under the Fairtrade scope will be used to calculate the applicable fee, as defined in Point 2.
- **For Annual Invoices:** Up to 3 additional entities are invoiced fully. In case of more than 3 additional entities, a minimum of 3 or 1/3<sup>rd</sup> of the total number of additional entities will be used to calculate the applicable fee, whichever is higher.
- If a new additional entity is added during the course of the year, the fee for the additional entity will be charged in addition.

## 10. Other Exception related Fees

Exception Fees	Fee in Euro
Exception Fee (including derogations)	215

<sup>1</sup> WFTO Membership; SA 8000 certificate; Participation in Ethical Trading Initiative, Fair Wear Foundation, Fair Labour Association, Workers' Right Consortium; Letter of the Union; Statutes of the customer that demonstrate that workers are owners of the customer's company.

<sup>2</sup> FLOCERT evaluates a social audit report (including the Corrective Action Plan Report) against open non-conformities, provided that the social standard has already been benchmarked by FLOCERT and is covering all ETI Base Code requirements, e.g. GOTS, SMETA, BSCI.

<sup>3</sup> FLOCERT conducts a benchmark analysis of the social standard against the ETI Base Code and, if all ETI requirements are covered, evaluates the social audit report (including the Corrective Action Plan Report) against open non-conformities.

## 11. Change History

Version	Author / Reviser	Date approved	Changes
85	Marla Naidoo	22.12.2015	<p>1. Changed “from the date of sale” to “the date of trade” (Mantis 4324)</p> <p>7. The cancellation fee applies to both announced and unannounced audits (Mantis 4532 &amp; 4512)</p>
86	Marla Naidoo Mantis	09.12.2016	<p>1. Reference to small volume deleted in Note 2 ( Mantis 4391)</p> <p>2. Large Volume to include Plants (Mantis 4633)</p> <p>3. 2.5 % Fee Increase rounded to Multiples of 5</p> <p>4. Added TCC fee information: Added associate fee under 2 and TCC information under 3. Plus endnote 4 (Ute Boaum)</p> <p>5. Fees for Cotton Social Compliance deleted from 1. Application Fee; Added own chapter 7. Social Compliance Fees for FT Cotton Traders; Rewording of social compliance fee categories; added footnotes for harmonization in applying fees; deleted “Check Pilot Project Participation” (Conny Engel)</p> <p>6. Delete criteria ‘ had no FT transactions in previous audit’ from Category 1</p>
87	Marla Naidoo	05.10.2017	<p>1. Note 3: A Fairtrade price and/or Fairtrade premium payer <b>or conveyor</b> or any organization (Deborah, email dated (21/11/16)</p> <p>2. Mantis 4782 – Paragraph 5 moved to follow paragraph 2</p> <p>3. Mantis 4777 - <u>Small Licensees are only classified on request and must report financial statements annually.</u></p> <p>4. Mantis 4521 - <i>“The annual certification fee does not cover internal travel within the different audit sites</i></p> <p>5. Mantis 4633 – Large volume for Young Plants</p>
88	Theresa Glammert-Kuhr	03.09.2018	Application fee is also applicable for SLI.
89	Theresa Glammert-Kuhr	15.12.2019	<p>Fee increase of 2,5%</p> <p>Removing the limit of invoicing only 3 AE’s for Cotton</p>
90	Marcela Moreno	06.03.2020	<p>Correcting the invoicing rule for cotton AEs: separate chapter introduced.</p> <p>Removing the Small licensee criteria chapter.</p>
91	Theresa Glammert-Kuhr	17.12.2020	Clarification of indicator for category 1: “perishable” does not include young plants.
92	C. Engel		<p>Chapter 2: Rewording of Note 3 regarding the definition of small customers; Chapter 7: removal of information on financial sanctions as a financial sanction is not a fee and already defined in the Certification SOP; Chapter 8 renamed from “Social Compliance Fee” to “Social Indicator Fees”; Fee categories renamed; FLOCERT Social Audit day rate deleted; Footnotes modified clarifying that e.g. GOTS is falling under “social audit report” and that “document check” is only applicable to the SI defined in the Fibre Crops Standard.</p>



<b>93</b>	U. Baoum / C. Engel	15.07.2021	<ul style="list-style-type: none"><li>- Chapter 2: Adapted definition of Additional Entity to match the new definition.</li><li>- Chapter 9: Clarified the rule for Cotton AE invoicing: In case of 3 and more AEs, a minimum of 3 AEs are audited, or 1/3 of the total number of AEs, whichever is higher.</li><li>- Modified definition of Small customers: no need to report annual financial statements but need to proof upon request (as status is only checked during audits).</li></ul>
	C. Engel	24.11.2021	Small Licensee fee for Additional entity changed to 345€ (previously 340€ by mistake).
<b>94</b>	C. Engel, J. Rojas, J. Wolpert	11.10.2022	<ul style="list-style-type: none"><li>- Implementation of fee increase of 5% for most items</li><li>- Chapter 2: Adding of clarification for customers buying fresh fruits and selling prepared and preserved fruits</li><li>- Chapter 6: Adapted definition of large Volume Category, as all volumes are evaluated based on annual purchases, and not on sales for licensees; adding of certain large volume categories such as vegetables, pulp and cereals.</li></ul>